

FIMBANK

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by FIMBank p.l.c. (“**FIMBank**” or the “**Bank**”) pursuant to the Malta Financial Services Authority Listing Rules.

Quote

The Board of Directors of FIMBank met in London on 8 August 2019, to approve the Consolidated and the Bank’s Interim Financial Statements for the six months ended 30 June 2019.

The Half-Yearly Report, drawn up in terms of the Listing Rules, is attached to this Company Announcement. The Interim Financial Statements are unaudited but independently reviewed by KPMG, the Registered Auditors.

In accordance with the requirements of the Listing Rules the Half-Yearly Report is being made publicly available for viewing on the Bank’s website at www.fimbank.com.

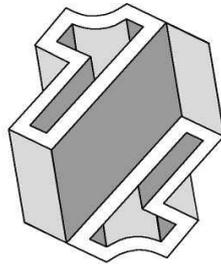
Unquote

Andrea Batelli
Company Secretary

8 August 2019

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FIMBANK

Condensed Interim Financial Statements 2019

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Directors' report pursuant to listing rule 5.75.2

For the six months ended 30 June 2019

The Directors ("Board" or "Directors") are pleased to issue their Report pursuant to the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act, 2005. This Report, which shall be read in conjunction with the condensed interim financial statements of the Group and the Bank for the six months ended 30 June 2019, including the Notes thereto, forms part of the Interim Report of FIMBank p.l.c., drawn up in accordance with the requirements of Listing Rule 5.75.2.

Results for the year

The condensed interim financial statements have been prepared in accordance with EU adopted IAS 34 Interim Financial Reporting. These published figures have been extracted from the FIMBank p.l.c. Group's unaudited accounts for the six months ended 30 June 2019 as approved by the Board of Directors on 8 August 2019.

For the six months ended 30 June 2019, the FIMBank Group posted an after-tax profit of USD7.5 million, a 24% increase to the USD6.1 million registered in the same period in 2018. The Directors do not recommend the payment of an interim dividend for the period under review.

Group structure and principal activities

The Group comprises the Bank and its wholly owned subsidiaries, London Forfaiting Company Limited ("LFC"), FIM Business Solutions Limited ("FBS"), FIM Property Investment Limited ("FPI"), FIM Holdings (Chile) S.p.A. ("FHC"), The Egyptian Company for Factoring S.A.E. ("Egypt Factors") and FIMFactors B.V. ("FIMFactors"). LFC and FIMFactors are themselves parents of a number of subsidiaries as set out below. The Group is supervised on a consolidated basis by the Malta Financial Services Authority ("MFSA"), whilst some of its subsidiaries and branches are subject to authorisation and regulation according to the respective jurisdictions in which they operate.

A brief description of the activities in the Group follows (% shareholding follows after the name):

- The Bank is a public limited company registered under the laws of Malta, and listed on the Malta Stock Exchange. It is licensed as a credit institution under the Banking Act, 1994. The Bank is principally active in providing international trade finance and to act as an intermediary to other financial institutions for international settlements, factoring and loan syndications.

The bank has two branches registered in Dubai International Finance Centre, Dubai, United Arab Emirates and Athens, Greece. Both branches are regulated by their respective Regulators;

- LFC (100%) is registered in the United Kingdom as a private limited liability company. It was founded in 1984 and provides international trade finance services (with particular focus on forfaiting business) through an international network of offices. Some of these offices have distinct corporate status in the various jurisdictions where they are providing the service. LFC's activities include the trading of bills of exchange, promissory notes, loans, deferred payment letters of credit and the provision of other financial facilities to companies and banks;
- FBS (100%), registered in Malta, has as its primary purpose the provision of information technology and support services to the Group and its associated companies;
- FPI (100%), registered in Malta, owns and manages FIMBank's Head Office in Malta. FPI is responsible for the day-to-day management of the building and leasing of space for commercial purposes;
- Egypt Factors (100%), registered in Egypt, is active in providing factoring and forfaiting services to Egyptian companies;
- FHC (100%), registered in Chile, served as the corporate vehicle for Latam Factors S.A., which entity was sold to third parties during 2018; and

- FIMFactors (100%), registered in the Netherlands, is the corporate vehicle for the Bank's holdings in factoring subsidiaries and associated companies. These are:
 - a. India Factoring and Finance Solutions (Private) Limited (87.19%), incorporated in Mumbai, India, to carry out the business of factoring, forfaiting and trade finance activities in India. The other shareholders being Banca IFIS (4.68%), India Factoring Employee Welfare Trust (7.66%) and Blend Financial Services Limited (0.47%). India Factoring is regulated by the Reserve Bank of India;
 - b. BrasilFactors S.A. (50%), an equity-accounted investee incorporated in São Paulo, Brazil, with its core business focused on factoring services and forfaiting targeting small and medium-sized companies. The other shareholder is China Construction Bank (50%).
 - c. Menafactors Limited (100%), incorporated in the United Arab Emirates. Menafactors Limited was liquidated on 30 July 2019 (see Note 18).

FactorRus L.L.P. was liquidated on 28 January 2019.

Review of performance

For the first six months of 2019, FIMBank Group delivered a strong performance reflecting its risk-balanced business model transformation. The Group has successfully completed a de-risking exercise of its main portfolios aimed to strengthen its varied exposures across the different products and geographical presences, reducing concentrations and ensure sustained growth in the years to come. This led to a short-term reduction in the size of the balance sheet, as key portfolios have readjusted their client and market profile, refining structuring and increasing risk mitigation. Balancing this outcome was a highly effective execution of the asset-liability management process, preserving revenues through the pro-active structuring of the Group's funding sources and use of the various available liquidity tools. Continued recovery efforts and actions have again yielded results as the resolution of long overdue exposures mitigated the additional impairments required for the period. Ongoing strategic and operational deep-dives for all Group franchises has maintained coherence across the varied businesses and their operating environments.

FIMBank, as the parent of the Group, had a below-expectation overall result. During the first six months, the Bank's key originating units - trade and commodity finance and shipping finance - have seen their portfolios shrink as they were re-aligned with a more diversified risk strategy. The Bank's trading results were also impacted by the results on its foreign currency hedging of the investment in subsidiaries which would have a mitigating effect at Group Consolidated level. Positively, the Bank was effective in spreading its funding sources and expanding its vital correspondent banking network. Provisioning for delinquent loans at FIMBank reflects prevailing recovery conditions across the delinquent loan book; whilst the cost discipline at Head Office and the Dubai and Athens branches resulted in a reduction of operating costs.

LFC had another positive term, with a strong bottom line reflecting higher trading volumes and recoveries despite a reduction in the portfolio. LFC has a consistent track record with a business model resilient to market and economic changes, enhanced by its ability to trade its portfolio on the secondary market, generate trading profits and maintain attractive revenue margins. The UK subsidiary leads other businesses in sourcing third party wholesale funding, thus providing a diversified funding mix to the Group. As the uncertainty around Brexit extends to the second half of the year, the expected impact on LFC remains minimal as its portfolio and funding are well diversified with the majority of its exposures situated outside both the United Kingdom and the European Union.

India Factoring's asset portfolio has pivoted away from the domestic business to an export-driven book, with exposures to a diversified stream of better-quality large-scale counterparties. The India factoring book grew over the six-month period, with the subsidiary recording its highest level of client assets in June, expected to exceed the \$100m milestone in the second half of the year. With net revenue margins contracting, as expected from its updated portfolio composition, operating costs have remained under tight watch with sufficient operating capacity available to support the business pipeline.

Egypt Factors expanded its balance sheet, through rigorous on-boarding of new counterparties in a thriving, yet volatile, domestic economy. The subsidiary is expected to continue growing cautiously, returning superior revenue margins across the Group and a well-covered delinquent loan book. The business is adequately funded through a mix of parent and third party funding and has sufficient capital enabling it to deliver on its strategic objectives.

Income statement

The results for the period under review are summarised in the table below which should be read in conjunction with the explanatory commentary that follows:

	2019 USD	Group 2018 USD	Movement USD
Net interest income	16,002,172	13,442,515	2,559,657
Net fee and commission income	6,353,441	9,408,279	(3,054,838)
Dividend income	3,858,668	4,035,661	(176,993)
Net results from foreign currency operations	1,161,762	977,211	184,551
Other operating income	434,295	445,401	(11,106)
Net operating income	27,810,338	28,309,067	(498,729)
Operating expenses	(18,691,904)	(18,516,181)	(175,723)
Net operating results	9,118,434	9,792,886	(674,452)
Net impairment (losses)/gains	(579,256)	(2,091,439)	1,512,183
Net results from trading assets and other financial instruments	1,109,134	1,138,786	(29,652)
Share of results of equity-accounted investees	-	238,634	(238,634)
Fair value loss on re-measurement of non-current asset held for sale	-	(2,078,082)	2,078,082
Profit before tax	9,648,312	7,000,785	2,647,527
Taxation	(2,161,533)	(947,712)	(1,213,821)
Profit for the period	7,486,779	6,053,073	1,433,706

During the period under review, profit before tax increased by 38% from USD7.0 million to USD9.6 million - as lower impairment charges and fair value adjustments offset a reduction in the Group's net operating results.

The Group's net operating income (net revenues) marginally decreased by 2% from USD28.3 million to USD27.8 million. Net interest income increased by 19% to USD16.0 million, as improvements in the liability structure of the Group offset the reduction in interest income resulting from lower asset levels. Net fees and commission dropped drastically by USD3.1 million to USD6.4 million on the back of lower gross fee income due to a reduction in new transactions generated during the period and higher fees payable on credit mitigation and related costs. Net results from foreign currency operations increased by 19% to USD1.2 million as the client-driven FX business has improved compared to same period in 2018. Overall, both net interest margins and net revenue margins have improved when compared to last year notwithstanding the lower average asset levels carried during the first six months of the year.

Operating expenses for the six months under review stood at USD18.7 million - largely flat compared to the USD18.5 million in 2018. This was consistent across main cost lines - staff, other administrative and depreciation - with all cost budgets remaining under continuous oversight to ensure the right balance between revenues developments and costs. In the beginning of the current financial year, the Group has implemented IFRS16 - Leases, which has resulted in the on-balance sheet recognition of Right of Use Assets and Lease Liabilities for all arrangements where the Group is a lessee. In the income statement the recognition of expenditure has shifted out of Administrative Expenses (for lease payments) to a combination of Interest Expense and Depreciation.

As reported in the audited financial statements for the year ended 31 December 2018 the Group had, last year, identified a number of non-performing exposures on which impairment charges were recorded in the second half of 2018. For the current six months, the Group has maintained adequate coverage on these non-performing exposures, extended to all assets subject to IFRS9 - Financial Instruments. As a result of this, net impairment charges for the six months 2019 (IFRS9 Stages 1, 2 and 3) amounted to USD0.6 million, compared to the USD2.1 million charge in 2018. In 2019, net impairments are inclusive of a successful recovery of a fully provided exposure amounting to USD3.0 million.

Results from trading assets and other financial instruments remained consistent with 2018 at USD1.1 million - following an improvement in trading gains and overall market values of a number of trading assets held in the forfeiting portfolio.

In 2018, the Group's investment in Latamfactors had contributed to a net share of profit (equity method) of USD0.2 million and a fair value loss of USD2.1 million. Latamfactors was disposed in the second half of 2018.

Financial position

At 30 June 2019, total Consolidated Assets stood at USD1.77 billion, a decrease of 5% over the USD1.87 billion reported at end-2018. The Group's Loans and Advances to Customers increased by USD19 million offset by wholesale lending (within Loans and Advances to Banks) which dropped by USD52 million. Trading assets, made up entirely of the forfaiting portfolio, decreased by USD51 million. Treasury assets, consisting of Financial Assets at fair value through other comprehensive income, balances with the Central Bank of Malta and other bank deposits (within Loans and Advances to Banks) reduced by USD18m.

Total Consolidated Liabilities as at 30 June 2019 stood at USD1.48 billion, a decrease of 7% over the USD1.59 billion reported at end 2018. This drop reflects the asset reduction trends noted during the period with the reduction in liabilities mainly attributable to a decrease in wholesale funding (bank loans and deposits) of USD147 million. Deposits from corporate and retail clients increased by USD66 million. During the period, the Group also repaid debt securities of \$22 million issued by the Bank and a subsidiary undertaking.

Group Equity as at Financial Reporting date stood at USD286 million (31 December 2018: USD280 million), with CET1 and CAR ratio standing at 18.2% (31 December 2018: CET1 of 17.6% and CAR of 18.0%). The changes in equity reflect the profit for the first six months of the year and other changes to reserves. A 1:30 Bonus Issue approved by the Annual General Meeting in May is reflected in an increase in Share Capital via the capitalisation of Share Premium.

Annual general meeting 2019

The Bank convened its Annual General Meeting on 7 May 2019. The Board composition following the Annual General Meeting is as follows:

John C. Grech (*Chairman*)
Masaud M. J. Hayat (*Vice Chairman*)
Majed Essa Al-Ajeel
Mohamed Fekih Ahmed
Osama Talat Al-Ghoussein
Adrian Alejandro Gostuski
Rogers David LeBaron
Rabih Soukarieh
Edmond Brincat
Hussain Lalani

Second half of 2019

The transformation of the underlying portfolios in the first half of the year places the FIMBank Group in a position of strength as it makes its business model fundamentals even more attractive. Having the necessary expertise to structure transactions across the trade-related product portfolio, FIMBank aims to keep building business partnerships with its varied client base. For the forthcoming six months, the Group aims to return to asset growth reversing the negative trend witnessed earlier in the year whilst remaining vigilant on risk, controls and governance as areas ensuring the expansion of the business is executed in a sustainable way. The Group has sufficient business pipeline, funding and resource structures in place to support this path. With the right mix of talent and focus on client delivery in a risk-balanced approach, FIMBank remains confident on its ability to generate higher value and returns for the benefit of all stakeholders.

Approved by the Board on 8 August 2019 and signed on its behalf by:



John C. Grech
Chairman



Masaud M. J. Hayat
Vice Chairman

Condensed interim statements of financial position

	Note	Group		Bank	
		30 Jun 2019 USD	31 Dec 2018 USD	30 Jun 2019 USD	31 Dec 2018 USD
ASSETS					
Balances with the Central Bank of Malta, Treasury Bills and cash		124,891,235	151,910,865	124,869,240	151,891,005
Derivative assets held for risk management	11	523,712	92,852	581,460	109,727
Trading assets		296,207,631	347,284,967	-	-
Loans and advances to banks		305,748,758	325,107,199	296,050,236	321,088,829
Loans and advances to customers		674,990,682	655,724,525	674,290,193	725,542,030
Financial assets at fair value through profit or loss		175,815,496	173,438,374	175,815,496	173,438,374
Financial assets at fair value through other comprehensive income		62,756,218	86,608,375	62,756,218	86,608,375
Investments at amortised costs		9,848,853	9,846,749	9,848,853	9,846,749
Investments in subsidiaries	12	-	-	107,953,397	102,595,614
Property and equipment		33,333,723	31,111,769	5,954,036	968,472
Investment property		17,223,820	17,223,820	-	-
Intangible assets and goodwill		13,550,340	13,290,401	4,860,579	4,669,342
Current tax assets		1,613,461	1,720,921	-	-
Deferred tax assets		36,564,536	38,694,104	20,921,148	22,599,041
Other assets		6,062,008	7,659,580	6,105,946	5,366,304
Prepayments and accrued income		11,460,311	8,985,607	14,844,292	8,280,725
Total assets		1,770,590,784	1,868,700,108	1,504,851,094	1,613,004,587
Liabilities and equity					
Liabilities					
Derivative liabilities held for risk management	11	1,274,708	2,928,925	1,274,708	2,928,925
Amounts owed to banks		306,321,701	453,055,327	260,047,913	397,913,033
Amounts owed to customers		1,089,596,877	1,023,972,887	1,001,398,759	957,720,771
Debt securities in issue	13	65,124,514	87,081,373	-	14,834,943
Current tax liabilities		832,576	356,579	-	-
Deferred tax liability		4,215,075	4,215,075	-	-
Provision for liabilities and charges		210,013	-	198,756	-
Other liabilities		2,762,586	1,179,728	5,341,878	1,007,819
Accruals and deferred income		14,041,107	17,220,394	7,931,829	9,190,483
Total liabilities		1,484,379,157	1,590,010,288	1,276,193,843	1,383,595,974
Equity					
Share capital	14	261,221,882	252,720,107	261,221,882	252,720,107
Share premium	14	853,810	9,275,773	858,885	9,275,773
Reserve for general banking risks		1,762,903	1,242,511	1,762,903	1,242,511
Currency translation reserve		(6,120,889)	(5,166,834)	-	-
Fair value reserve		12,642,048	11,712,299	1,688,003	758,254
Other reserve		2,936,624	2,837,122	2,681,041	2,681,041
Retained earnings/(Accumulated losses)		14,494,219	7,684,096	(39,555,463)	(37,269,073)
Total equity attributable to equity holders of the Bank		287,790,597	280,305,074	228,657,251	229,408,613
Non-controlling interests		(1,578,970)	(1,615,254)	-	-
Total equity		286,211,627	278,689,820	228,657,251	229,408,613
Total liabilities and equity		1,770,590,784	1,868,700,108	1,504,851,094	1,613,004,587

Condensed interim statements of financial position

	Note	Group		Bank	
		30 Jun 2019 USD	31 Dec 2018 USD	30 Jun 2019 USD	31 Dec 2018 USD
Memorandum items					
Contingent liabilities	15	6,260,503	2,864,826	58,280,646	67,466,612
Commitments	16	213,448,987	188,606,767	118,908,439	158,386,020

These condensed interim statements were approved by the Board of Directors and authorised for issue on 8 August 2019 and signed on its behalf by:



John C. Grech
Chairman



Masaud M. J. Hayat
Vice Chairman

Condensed interim statements of profit or loss

For the six months ended 30 June 2019

	Note	Group 2019 USD	2018 USD	Bank 2019 USD	2018 USD
Interest income		26,168,513	26,246,124	16,361,046	17,105,569
Interest expense		(10,166,341)	(12,803,609)	(7,813,762)	(9,541,003)
Net interest income		16,002,172	13,442,515	8,547,284	7,564,566
Fee and commission income		9,461,040	11,618,863	4,016,094	6,961,966
Fee and commission expense		(3,107,599)	(2,210,584)	(1,567,176)	(1,223,778)
Net fee and commission income		6,353,441	9,408,279	2,448,918	5,738,188
Net trading results	9	2,270,818	2,115,997	(308,749)	3,082,709
Net gain from other financial instruments carried at fair value		78	-	78	-
Dividend income	10	3,858,668	4,035,661	3,858,668	4,035,661
Other operating income		434,295	445,401	60,580	62,299
Operating income before net impairment		28,919,472	29,447,853	14,606,779	20,483,423
Net impairment losses on financial instruments		(579,256)	(2,091,439)	(3,482,604)	(5,504,002)
Operating income		28,340,216	27,356,414	11,124,175	14,979,421
Administrative expenses		(17,130,274)	(17,527,378)	(10,336,098)	(12,038,565)
Depreciation and amortisation		(1,561,630)	(988,803)	(1,466,998)	(484,043)
Total operating expenses		(18,691,904)	(18,516,181)	(11,803,096)	(12,522,608)
Operating profit/(loss)		9,648,312	8,840,233	(678,921)	2,456,813
Share of results of equity accounted investees (net of tax)		-	238,634	-	-
Fair value loss on re-measurement of non-current asset held for sale		-	(2,078,082)	-	-
Profit/(Loss) before tax		9,648,312	7,000,785	(678,921)	2,456,813
Taxation		(2,161,533)	(947,712)	(1,087,077)	(791,025)
Profit/(Loss) for the period		7,486,779	6,053,073	(1,765,998)	1,665,788
Profit/(Loss) attributable to:					
Owners of the Bank		7,430,017	6,043,385	(1,765,998)	1,665,788
Non-controlling interests		56,762	9,688	-	-
		7,486,779	6,053,073	(1,765,998)	1,665,788
Earnings per share					
Basic earnings per share (US cents)		1.44	1.53	(0.34)	0.42

Condensed interim statements of other comprehensive income

For the six months ended 30 June 2019

	Group		Bank	
	2019	2018	2019	2018
	USD	USD	USD	USD
Profit/(Loss) for the period	7,486,779	6,053,073	(1,765,998)	1,665,788
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Movement in fair value reserve (FVOCI equity instruments):				
- Equity investments at FVOCI - net change in fair value	-	(408,020)	-	(408,020)
Related tax	-	142,807	-	142,807
	-	(265,213)	-	(265,213)
Items that are or may be reclassified subsequently to profit or loss:				
Movement in translation reserve:				
- Foreign operations - foreign currency translation differences	(974,533)	(1,078,319)	-	-
Movement in fair value reserve (FVOCI debt instruments):				
- Debt investments at FVOCI - net change in fair value	1,572,538	(27,718)	1,572,538	(27,718)
- Debt investments at FVOCI - reclassified to profit or loss	39,378	-	39,378	-
Related tax	(682,167)	212,706	(682,167)	212,706
Other comprehensive (expense)/income, net of tax	(44,784)	(1,158,544)	929,749	(80,225)
Total comprehensive income/(expense)	7,441,995	4,894,529	(836,249)	1,585,563
Total comprehensive income attributable to:				
Owners of the Bank	7,405,710	4,748,805	(836,246)	1,585,563
Non-controlling interests	36,283	145,724	-	-
	7,441,993	4,894,529	(836,246)	1,585,563

Condensed interim statements of changes in equity

For the period ended 30 June 2019

Group

Attributable to equity shareholders of the Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Currency translation reserve USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD	Non- controlling interests USD	Total equity USD
Balance at 31 December 2018	252,720,107	9,275,773	1,242,511	(5,166,834)	11,712,299	2,837,122	7,684,096	280,305,074	(1,615,254)	278,689,820
Total comprehensive income										
Profit for the period	-	-	-	-	-	-	7,430,017	7,430,017	56,762	7,486,779
Other comprehensive income:										
Fair value reserve (FVOCI debt instruments):										
- Debt investments at FVOCI- net change in fair value (net of tax)	-	-	-	-	1,150,243	-	-	1,150,243	-	1,150,243
- Debt investments at FVOCI- reclassified to profit or loss (net of tax)	-	-	-	-	(220,494)	-	-	(220,494)	-	(220,494)
Translation reserve:										
- Foreign operations - foreign translation differences	-	-	-	(954,055)	-	-	-	(954,055)	(20,478)	(974,533)
Total other comprehensive income	-	-	-	(954,055)	929,749	-	-	(24,306)	(20,478)	(44,784)
Total comprehensive income	-	-	-	(954,055)	929,749	-	7,430,017	7,405,711	36,284	7,441,995
Transactions with owners of the Bank										
Contributions and distributions:										
Issue of new shares, net of transaction costs	75,253	4,559	-	-	-	-	-	79,812	-	79,812
Bonus issue of shares	8,426,522	(8,426,522)	-	-	-	-	-	-	-	-
Total transactions with owners of the Bank	8,501,775	(8,421,963)	-	-	-	-	-	79,812	-	79,812
Transfer between reserves	-	-	520,392	-	-	99,502	(619,894)	-	-	-
Balance at 30 June 2019	261,221,882	853,810	1,762,903	(6,120,889)	12,642,048	2,936,624	14,494,219	287,790,597	(1,578,970)	286,211,627

Condensed interim statements of changes in equity

For the period ended 30 June 2018

Group

Attributable to equity shareholders of the Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Currency translation reserve USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD	Non-controlling interests USD	Total equity USD
Balance at 31 December 2017	157,265,562	173,113	608,284	(2,747,913)	9,533,453	2,870,270	6,901,064	174,603,833	(1,709,475)	172,894,358
Adjustment on initial application of IFRS 9, net of tax	-	-	-	-	(41,948)	-	(8,811,984)	(8,853,932)	(68,808)	(8,922,740)
Restated balance at 1 January 2018	157,265,562	173,113	608,284	(2,747,913)	9,491,505	2,870,270	(1,910,920)	165,749,901	(1,778,283)	163,971,618
Total comprehensive income										
Profit for the period	-	-	-	-	-	-	6,043,385	6,043,385	9,688	6,053,073
Other comprehensive income:										
Fair value reserve (FVOCI debt instruments):										
- Debt investments at FVOCI - net change in fair value (net of tax)	-	-	-	-	184,988	-	-	184,988	-	184,988
Fair value reserve (FVOCI equity instruments):										
- Equity investments at FVOCI - net change in fair value (net of tax)	-	-	-	-	(265,213)	-	-	(265,213)	-	(265,213)
Translation reserve:										
- Foreign operations - foreign translation differences	-	-	-	(1,078,319)	-	-	-	(1,078,319)	136,036	(942,283)
Total other comprehensive income	-	-	-	(1,078,319)	(80,225)	-	-	(1,158,544)	136,036	(1,022,508)
Total comprehensive income	-	-	-	(1,078,319)	(80,225)	-	6,043,385	4,884,841	145,724	5,030,565
Transactions with owners of the Bank										
Contributions and distributions:										
Issue of new shares, net of transaction costs	95,454,546	9,105,702	-	-	-	-	-	104,560,248	-	104,560,248
Total transactions with owners of the Bank	95,454,546	9,105,702	-	-	-	-	-	104,560,248	-	104,560,248
Transfer between reserves	-	-	(36,122)	-	-	(28,886)	65,008	-	-	-
Balance at 30 June 2018	252,720,108	9,278,815	572,162	(3,826,232)	9,411,280	2,841,384	4,197,473	275,194,990	(1,632,559)	273,562,431

Condensed interim statements of changes in equity

For the period ended 30 June 2019

Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Fair value reserve USD	Other reserve USD	Accumulated losses USD	Total equity USD
Balance at 31 December 2018	252,720,107	9,275,773	1,242,511	758,254	2,681,041	(37,269,073)	229,408,613
Total comprehensive income							
Loss for the period	-	-	-	-	-	(1,765,998)	(1,765,998)
Other comprehensive income:							
Fair value reserve (FVOCI debt instruments):							
- Debt investments at FVOCI - net change in fair value (net of tax)	-	-	-	1,150,243	-	-	1,150,243
- Debt investments at FVOCI - reclassified to profit or loss (net of tax)	-	-	-	(220,494)	-	-	(220,494)
Total other comprehensive income	-	-	-	929,749	-	-	929,749
Total comprehensive income	-	-	-	929,749	-	(1,765,998)	(836,249)
Transactions with owners of the Bank							
Contributions and distributions:							
Issue of new shares, net of transaction costs	75,253	9,634	-	-	-	-	84,887
Bonus issue of shares	8,426,522	(8,426,522)	-	-	-	-	-
Total transactions with owners of the Bank	8,501,775	(8,416,888)	-	-	-	-	84,887
Transfer between reserves	-	-	520,392	-	-	(520,392)	-
Balance at 30 June 2019	261,221,882	858,885	1,762,903	1,688,003	2,681,041	(39,555,463)	228,657,251

Condensed interim statements of changes in equity

For the period ended 30 June 2018

Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Fair value reserve USD	Other reserve USD	Accumulated losses USD	Total equity USD
Balance at 31 December 2017	157,265,562	173,113	608,284	81,501	2,681,041	(35,768,147)	125,041,354
Adjustment on initial application of IFRS 9, net of tax	-	-	-	(41,948)	-	(4,604,046)	(4,645,994)
Restated balance at 1 January 2018	157,265,562	173,113	608,284	39,553	2,681,041	(40,372,193)	120,395,360
Total comprehensive income							
Profit for the period	-	-	-	-	-	1,665,788	1,665,788
Other comprehensive income:							
Fair value reserve (FVOCI debt instruments):							
- Debt investments at FVOCI - net change in fair value (net of tax)	-	-	-	184,988	-	-	184,988
Fair value reserve (FVOCI equity instruments):							
- Equity investments at FVOCI - net change in fair value	-	-	-	(265,213)	-	-	(265,213)
Total other comprehensive income	-	-	-	(80,225)	-	-	(80,225)
Total comprehensive income	-	-	-	(80,225)	-	1,665,788	1,585,563
Transactions with owners of the Bank							
Contributions and distributions:							
Issue of new shares, net of transaction costs	95,454,545	9,105,702	-	-	-	-	104,560,247
Total transactions with owners of the Bank	95,454,545	9,105,702	-	-	-	-	104,560,247
Transfer between reserves	-	-	(36,122)	-	-	36,122	-
Balance at 30 June 2018	252,720,107	9,278,815	572,162	(40,672)	2,681,041	(38,670,283)	226,541,170

Condensed interim statements of cash flows

For the six months ended 30 June 2019

	Group		Bank	
	2019 USD	2018 USD	2019 USD	2018 USD
Cash flows from operating activities				
Interest and commission receipts	38,881,108	38,242,117	15,674,543	20,568,377
Exchange (paid)/received	(1,297,513)	74,191	(2,149,882)	2,570,887
Interest and commission payments	(15,155,368)	(16,042,190)	(11,177,175)	(11,548,910)
Payments to employees and suppliers	(18,655,650)	(17,019,517)	(10,448,070)	(9,683,153)
Operating profit/(loss) before changes in operating assets/liabilities	3,772,577	5,254,601	(8,100,584)	1,907,201
(Increase)/decrease in operating assets:				
- Trading assets and financial assets at FVTPL	-	(32,279,397)	-	-
- Loans and advances to customers and banks	131,841,110	(137,661,051)	102,074,605	(123,544,863)
- Other assets	1,577,302	4,030,725	(739,642)	(699,477)
Increase/(decrease) in operating liabilities:				
- Amounts owed to customers and banks	(45,423,194)	83,800,571	(22,400,253)	152,645,951
- Other liabilities	(774,946)	(300,342)	(566,861)	(379,922)
- Net advances from/(to) subsidiary companies	-	-	31,922,695	(89,250,686)
Net cash generated from operating activities before income tax	90,992,849	(77,154,893)	102,189,960	(59,321,796)
Income tax (paid)/refunded	(136,991)	(536,369)	-	994,306
Net cash generated from/(absorbed by) operating activities before income tax	90,855,858	(77,691,262)	102,189,960	(58,327,490)
Cash flows from investing activities				
- Payments to acquire financial assets at FVTPL	(2,469,245)	-	(2,469,245)	-
- Payments to acquire shares in subsidiary companies	-	-	(5,357,783)	-
- Payments to acquire shares in other investments	-	(18,035,210)	-	(18,035,210)
- Payments to acquire property and equipment	(365,897)	(229,141)	(164,633)	(229,142)
- Payments to acquire intangible assets	(677,791)	(1,277,263)	(675,579)	(1,256,376)
- Proceeds on maturity of debt investments at FVOCI	24,640,828	-	24,640,828	-
- Proceeds on disposal of sale of property and equipment	5,151	-	-	-
- Receipt of dividend	3,078,477	3,062,050	3,078,477	3,062,050
Net cash flows from/(used in) investing activities	24,211,523	(16,479,564)	19,052,065	(16,458,678)
Cash flows from financing activities				
- Proceeds from issue of share capital	79,811	54,560,248	84,887	54,560,248
- Net movement in debt securities	(21,956,859)	(2,257,214)	(14,834,943)	-
- Payment of lease liability	(625,300)	-	(903,092)	-
Net cash flows (used in)/from financing activities	(22,502,348)	52,303,034	(15,653,148)	54,560,248
Increase/(decrease) in cash and cash equivalents	92,565,033	(41,867,792)	105,588,877	(20,225,920)
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	(1,592,311)	(10,072,880)	(1,567,127)	(8,811,586)
- Net increase in cash and cash equivalents	94,157,344	(31,794,912)	107,156,004	(11,414,334)
Increase/(decrease) in cash and cash equivalents	92,565,033	(41,867,792)	105,588,877	(20,225,920)
Cash and cash equivalents at beginning of period	81,782,001	178,676,622	99,006,852	153,393,147
Cash and cash equivalents at end of period	174,347,034	136,808,830	204,595,729	133,167,227

Notes to the condensed interim financial statements

For the six months ended 30 June 2019

1 Reporting entity

FIMBank p.l.c. ("the Bank") is a credit institution domiciled in Malta with its registered address at Mercury Tower, The Exchange Financial and Business Centre, Elia Zammit Street, St. Julian's, STJ3155, Malta. The condensed interim financial statements of the Bank as at and for the six months ended 30 June 2019 include the Bank and its subsidiaries (together referred to as the "Group" and individually as "Group Entities").

The financial statements of the Group as at, and for the year ended, 31 December 2018 are available upon request from the Bank's registered office and are available for viewing on its website at www.fimbank.com.

2 Basis of accounting

The condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, adopted by the EU. The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of FIMBank p.l.c. as at and for the year ended 31 December 2018.

The condensed interim financial statements were approved by the Board of Directors on 8 August 2019.

3 Use of judgements and estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2018; except for new significant judgements related to lessee accounting under IFRS 16 - Leases, which is described in Note 5.1.

4 Significant accounting policies

Except for changes resulting from the adoption of IFRS 16 - Leases (see Note 5.1), the significant accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31 December 2018.

4.1 Standards issued but not yet effective

A number of new standards and amendments are issued but not yet effective for annual periods beginning on 1 January 2019. These standards are not expected to have a material impact on the Group's Financial Statements.

5 Changes in accounting policies

Except as described below, the accounting policies applied in these Interim Financial Statements are the same as those applied in the last Annual Financial Statements. The changes in accounting policies are also expected to be reflected in the Group's Consolidated Financial Statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 - Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's Financial Statements.

5.1 IFRS 16 - Leases

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in the opening balances of the financial period. Accordingly, the comparative information presented for 2018 has not been restated i.e. it is presented, as previously reported, under IAS 17 - Leases and related interpretations. The details of the changes in accounting policies are disclosed below.

5.1.1 Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 - Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

5.1.2 As a lessee

The Group leases many assets, including properties and motor vehicles.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases i.e. these leases are on-balance sheet.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below.

	Property USD
Balance as at 1 January 2019	2,398,426
Balance as at 30 June 2019	2,496,837

The Group has entered into new lease agreements during the first half of 2019.

The Group presents lease liabilities in 'Other Liabilities' in the Statement of Financial Position.

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Group classified property leases as operating leases under IAS 17. Some leases include an option to renew the lease for an additional number of years after the end of the non-cancellable period.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group applied this approach to all other leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

5.1.3 As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 - Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

5.1.4 Impacts on financial statements

Impacts on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below:

1 January 2019

USD

Right-of-use assets presented in property, plant and equipment	2,398,426
Lease liabilities	2,398,426

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5.84%.

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised USD 2,496,837 of right-of-use and USD 2,357,795 of lease liabilities as at 30 June 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised USD 406,001 of depreciation charges and USD 65,686 of interest costs from these leases.

6 Operating segments

The Group identified five significant reportable segments: Trade Finance, Forfaiting, Factoring, Treasury and Real Estate, which are represented by different Group entities. For each of the entities, Executive Management reviews internal management reports on a monthly basis.

Information about operating segments

Group - June 2019

	Trade Finance USD	Forfaiting USD	Factoring USD	Treasury USD	Real Estate USD	Other USD	Total USD
External revenue:							
Interest income	5,098,861	9,943,630	7,365,621	1,920,000	1,838,823	1,578	26,168,513
Fee and commission Income	2,472,943	3,422,960	2,910,064	576,539	46,775	31,759	9,461,040
Trading income	-	1,015,719	60,448	-	1,183,394	11,257	2,270,818
	7,571,804	14,382,309	10,336,133	2,496,539	3,068,992	44,594	37,900,371
Intersegment revenue:							
Interest income	-	-	4,202,015	-	-	-	4,202,015
Fee and commission income	9,134	-	-	-	-	-	9,134
	9,134	-	4,202,015	-	-	-	4,211,149
Reportable segment (loss)/profit before income tax	(7,449,306)	7,936,768	3,740,157	2,402,167	(1,326,075)	235,594	5,539,305

Group – June 2018

	Trade Finance USD	Forfaiting USD	Factoring USD	Treasury USD	Real Estate USD	Other USD	Total USD
External revenue:							
Interest income	8,819,789	7,421,664	7,753,272	891,693	1,326,714	32,992	26,246,124
Fee and commission Income	5,307,891	3,075,616	2,796,520	-	424,929	13,907	11,618,863
Trading income	-	1,090,984	146,865	917,593	-	(39,445)	2,115,997
	14,127,680	11,588,264	10,696,657	1,809,286	1,751,643	7,454	39,980,984
Intersegment revenue:							
Interest income	-	-	3,225,017	-	-	-	3,225,017
Fee and commission income	3,149	-	-	-	-	-	3,149
	3,149	-	3,225,017	-	-	-	3,228,166
Reportable segment profit/(loss) before income tax	189,195	4,304,327	2,771,760	(3,201,864)	1,727,589	176,598	5,967,605

Group - June 2019

	Trade Finance USD	Forfaiting USD	Factoring USD	Treasury USD	Real Estate USD	Other USD	Total USD
Reportable segment assets	382,767,082	308,862,662	460,915,254	74,374,930	474,791,404	68,969,248	1,770,680,580
Reportable segment liabilities	1,062,308,212	104,025,431	184,809,987	-	133,302,627	5,863,799	1,490,310,056

Group - December 2018

	Trade Finance USD	Forfaiting USD	Factoring USD	Treasury USD	Real Estate USD	Other USD	Total USD
Reportable segment assets	466,768,405	356,524,958	376,018,913	70,586,340	532,951,218	65,902,353	1,868,752,187
Reportable segment liabilities	1,042,714,722	119,269,700	137,389,275	-	285,793,082	5,774,590	1,590,941,369

Reconciliation of reportable segment profit or loss

Group

	30 Jun 2019 USD	30 Jun 2018 USD
Total profit or loss for reportable segments	5,303,712	5,791,007
Other profit or loss	235,594	176,598
	5,539,306	5,967,605
	30 Jun 2019 USD	31 Dec 2018 USD
Share of loss of equity accounted investees	-	238,634
Fair value loss on re-measurement of non-current asset held for sale	-	(2,078,082)
Effect of other consolidation adjustments on segment results	4,109,004	2,872,628
	9,648,310	7,000,785
Consolidated profit before income tax	9,648,310	7,000,785

7 Fair values of financial instruments

7.1 Valuation of financial instruments

The Group has an established control framework with respect to the measurement of fair values. This framework includes reports to the Group's Chief Financial Officer and Executive Management having overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. Market risk and related exposure to fair value movement is also a key function of the Group's Assets-Liabilities Committee and all valuations of financial instruments are reported to the Committee for review and approval. Significant valuation issues are reported to the Group's Audit Committee.

The Group measures fair values of an asset or liability using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets or liabilities valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all assets or liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes assets or liabilities that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt securities and exchange traded derivatives and simple over-the-counter derivatives like currency rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain over-the-counter structured derivatives and certain loans and securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate.

7.2 Financial instruments measured at fair value – fair value hierarchy

The table below analyses financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Group - 30 June 2019

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	523,712	-	523,712
Trading assets	-	-	296,207,631	296,207,631
Financial assets designated at FVTPL	-	53,077	175,762,419	175,815,496
Financial assets designated at FVOCI	62,756,218	-	-	62,756,218
Liabilities				
Derivative liabilities held for risk management:				
- foreign exchange	-	1,274,708	-	1,274,708

Group - 31 December 2018

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	92,852	-	92,852
Trading assets	-	-	347,284,967	347,284,967
Financial assets designated at FVTPL	-	75,524	173,362,850	173,438,374
Financial assets designated at FVOCI	86,608,375	-	-	86,608,375

Liabilities

Derivative liabilities held for risk management:				
- foreign exchange	-	2,928,925	-	2,928,925

Bank - 30 June 2019

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	523,712	-	523,712
- interest rate	-	57,748	-	57,748
Financial assets designated at FVTPL	-	53,077	175,762,419	175,815,496
Financial assets designated at FVOCI	62,756,218	-	-	62,756,218

Liabilities

Derivative liabilities held for risk management:				
- foreign exchange	-	1,274,708	-	1,274,708

Bank - 31 December 2018

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	92,852	-	92,852
- interest rate	-	16,875	-	16,875
Financial assets designated at FVTPL	-	75,524	173,362,850	173,438,374
Financial assets designated at FVOCI	86,608,375	-	-	86,608,375

Liabilities

Derivative liabilities held for risk management:				
- foreign exchange	-	2,928,925	-	2,928,925

7.3 Level 3 fair value measurements

7.3.1 Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

Group - 30 June 2019

	Trading assets USD	Financial assets designated at FVTPL USD	Total USD
Balance at 1 January 2019	347,284,967	173,362,850	520,647,817
Total gains and losses in profit or loss	814,352	78	814,430
Purchases	232,851,530	2,469,245	235,320,775
Settlements	(284,743,218)	-	(284,743,218)
Effects of movement in exchange rates	-	(69,754)	(69,754)
Balance at 30 June 2019	296,207,631	175,762,419	471,970,050

Group - 31 December 2018

	Trading assets USD	Financial assets designated at FVTPL USD	Total USD
Balance at 1 January 2018	252,509,144	156,612,036	409,121,180
Total gains and losses in profit or loss	1,649,896	(660,201)	989,695
Purchases	446,850,295	21,092,429	467,942,724
Settlements	(353,724,368)	(3,000,000)	(356,724,368)
Effects of movement in exchange rates	-	(681,414)	(681,414)
Balance at 31 December 2018	347,284,967	173,362,850	520,647,817

Bank - 30 June 2019

	Financial assets designated at FVTPL USD
Balance at 1 January 2019	173,362,850
Total gains and losses in profit or loss	78
Purchases	2,469,245
Effects of movement in exchange rates	(69,754)
Balance at 30 June 2019	175,762,419

Bank - 31 December 2018

	Financial assets designated at FVTPL USD
Balance at 1 January 2018	156,612,036
Total gains and losses in profit or loss	(660,201)
Purchases	21,092,429
Settlements	(3,000,000)
Effects of movement in exchange rates	(681,414)
Balance at 31 December 2018	173,362,850

7.3.2 Unobservable inputs used in measuring fair value

The below sets out information about significant unobservable inputs used at 30 June 2019 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Trading assets

The 'trading assets' portfolio represent forfaiting assets, that is the discounting of receivables generated from an export contract on a without recourse basis. The assets would be evidenced by a number of different debt instruments including bills of exchange, promissory notes, letters of credit and trade or project related syndicated and bi-lateral loan (financing) agreements.

The Group establishes fair value of its trading assets using a valuation technique based on the discounted expected future principal and interest cash flows. The discount rate is an estimate based on current expected credit margin spreads and interest rates at the reporting date. Inputs to valuation technique reasonably represent market expectation and measures of risk-return factors inherent in the financial instrument.

The Group uses the LIBOR yield curve as of each reporting date plus an adequate credit margin spread to discount the trading assets held. At 30 June 2019, the interest rates used range between 1.50% and 17.83% (31 December 2018: between 1.50% and 12.83%).

The effect of an estimated general increase of one percentage point in interest rate on trading assets at 30 June 2019 would reduce the Group's profit before tax by approximately USD358,217 (31 December 2018: USD419,987).

Financial assets designated at fair value through profit or loss

'Financial assets designated at fair value through profit or loss' mainly represent holdings in three funds as follows:

- an unlisted sub-fund of a local collective investment scheme, which is independently run by an investment manager licensed and regulated by the Financial Conduct Authority in the UK. The sub-fund invests in trade finance instruments mainly consisting of loans and receivables.

The fair value is measured by the Group using a valuation technique based on the discounted expected future principal and interest cash flows. The discount rate is an estimate based on current expected credit margin spreads and interest rates at the reporting date. Inputs to valuation technique reasonably represent market expectation and measures of risk-return factors inherent in the financial instrument.

The effect of a ten percentage point increase/(decrease) in the net asset value of the sub-fund at 30 June 2019 would increase/(decrease) the Bank and Group equity by approximately USD15,608,601 (31 December 2018: USD15,608,593).

- an unlisted sub-fund of a local collective investment scheme, which is independently run by an investment manager licensed and regulated by the Financial Conduct Authority in the UK. The sub-fund invests in sustainable energy plants with returns generated throughout the life of each plant.

The fair value is measured by the Group based on periodical net asset valuations prepared by the scheme's independent administrator. The sub-fund's assets are marked to fair market value. Assets are marked at observable traded prices where that is possible. Where there is no observable price, the assets are marked in accordance with best market practice. This may involve the use of models and forward projections. Inputs and assumptions used in these models may be subjective and could include a number of highly judgemental uncertainties including the projected valuations of the individual plants and the future potential income from each plant.

The effect of a ten percentage point increase/(decrease) in the net asset value of the sub-fund at 30 June 2019 would increase/(decrease) the Bank and Group equity by approximately USD1,717,271 (31 December 2018: USD1,727,692).

- An unlisted sub-fund of a local collective investment scheme, which is independently run by an investment manager licensed and regulated by the Financial Conduct Authority in UK. The sub-fund invests in a variety of investments, with relatively complex structures and limited liquidity.

The fair value is measured by the Group based on periodical net asset valuations prepared by the scheme's independent administrator. The sub-fund's assets are marked to fair market value. Assets are marked at observable traded prices where that is possible. Where there is no observable price, the assets are marked in accordance with best market practice. This may involve the use of models and forward projections. Inputs and assumptions used in these models may be subjective and could include a number of highly judgemental uncertainties including the projected valuations of the individual assets and the future potential income from each asset.

The effect of a ten percentage point increase/(decrease) in the net asset value of the sub-fund at 30 June 2019 would increase/(decrease) the Bank and Group equity by approximately USD250,370.

8 Classifications of financial assets and liabilities

The following tables provide a reconciliation between line items in the Statements of Financial Position and categories of financial instruments.

Group - 30 June 2019

	Mandatorily At FVTPL USD	FVOCI debt instruments USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	124,891,235	124,891,235
Derivative assets held for risk management	523,712	-	-	523,712
Trading assets	296,207,631	-	-	296,207,631
Loans and advances to banks	-	-	305,748,758	305,748,758
Loans and advances to customers	-	-	674,990,682	674,990,682
Financial assets designated at FVTPL	175,815,496	-	-	175,815,496
Financial assets designated at FVOCI	-	62,756,218	-	62,756,218
Investments at amortised cost	-	-	9,848,853	9,848,853
Total financial assets	472,546,839	62,756,218	1,115,479,528	1,650,782,585
Derivative liabilities held for risk management	1,274,708	-	-	1,274,708
Amounts owed to banks	-	-	306,321,701	306,321,701
Amounts owed to customers	-	-	1,089,596,877	1,089,596,877
Debt securities in issue	-	-	65,124,514	65,124,514
Total financial liabilities	1,274,708	-	1,461,043,092	1,462,317,800

Group - 31 December 2018

	Mandatorily At FVTPL USD	FVOCI debt instruments USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	151,910,865	151,910,865
Derivative assets held for risk management	92,852	-	-	92,852
Trading assets	347,284,967	-	-	347,284,967
Loans and advances to banks	-	-	325,107,199	325,107,199
Loans and advances to customers	-	-	655,724,525	655,724,525
Financial assets designated at FVTPL	173,438,374	-	-	173,438,374
Financial assets designated at FVOCI	-	86,608,375	-	86,608,375
Investments at amortised cost	-	-	9,846,749	9,846,749
Total financial assets	520,816,193	86,608,375	1,142,589,338	1,750,013,906
Derivative liabilities held for risk management	2,928,925	-	-	2,928,925
Amounts owed to banks	-	-	453,055,327	453,055,327
Amounts owed to customers	-	-	1,023,972,887	1,023,972,887
Debt securities in issue	-	-	87,081,373	87,081,373
Total financial liabilities	2,928,925	-	1,564,109,587	1,567,038,512

Bank - 30 June 2019

	Mandatorily At FVTPL USD	FVOCI debt instruments USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	124,869,240	124,869,240
Derivative assets held for risk management	581,460	-	-	581,460
Loans and advances to banks	-	-	296,050,236	296,050,236
Loans and advances to customers	-	-	674,290,193	674,290,193
Financial assets designated at FVTPL	175,815,496	-	-	175,815,496
Financial assets designated at FVOCI	-	62,756,218	-	62,756,218
Investments at amortised cost	-	-	9,848,853	9,848,853
Total financial assets	176,396,956	62,756,218	1,105,058,522	1,344,211,696
Derivative liabilities held for risk management	1,274,708	-	-	1,274,708
Amounts owed to banks	-	-	260,047,913	260,047,913
Amounts owed to customers	-	-	1,001,398,759	1,001,398,759
Total financial liabilities	1,274,708	-	1,261,446,672	1,262,721,380

Bank - 31 December 2018

	Mandatorily At FVTPL USD	FVOCI debt instruments USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	151,891,005	151,891,005
Derivative assets held for risk management	109,727	-	-	109,727
Loans and advances to banks	-	-	321,088,829	321,088,829
Loans and advances to customers	-	-	725,542,030	725,542,030
Financial assets designated at FVTPL	173,438,374	-	-	173,438,374
Financial assets designated at FVOCI	-	86,608,375	-	86,608,375
Investments at amortised cost	-	-	9,846,749	9,846,749
Total financial assets	173,548,101	86,608,375	1,208,368,613	1,468,525,089
Derivative liabilities held for risk management	2,928,925	-	-	2,928,925
Amounts owed to banks	-	-	397,913,033	397,913,033
Amounts owed to customers	-	-	957,720,771	957,720,771
Debt securities in issue	-	-	14,834,943	14,834,943
Total financial liabilities	2,928,925	-	1,370,468,747	1,373,397,672

9 Net trading results

	Group		Bank	
	2019 USD	2018 USD	2019 USD	2018 USD
Net trading profit from assets held at FVTPL	1,109,056	1,138,786	-	-
Foreign exchange rate fluctuations	615,753	(756,604)	596,513	(826,793)
Net income/(loss) on derivatives held for risk management purposes	546,009	1,733,815	(905,262)	3,909,502
	2,270,818	2,115,997	(308,749)	3,082,709

10 Dividend income

'Dividend income' comprise of dividend income from equity investments designated at FVTPL.

11 Derivatives held for risk management

	Group		Bank	
	30 Jun 2019 USD	31 Dec 2018 USD	30 Jun 2019 USD	31 Dec 2018 USD
Derivative assets				
Held for risk management				
– interest rate	-	-	57,748	16,875
– foreign exchange	523,712	92,852	523,712	92,852
	523,712	92,852	581,460	109,727
Derivative liabilities				
Held for risk management				
– foreign exchange	(1,274,708)	(2,928,925)	(1,274,708)	(2,928,925)
	(1,274,708)	(2,928,925)	(1,274,708)	(2,928,925)

12 Investments in subsidiaries

Impairment assessment

At each reporting date the Bank carries out an impairment assessment to determine whether the recoverable amounts of its investments in subsidiaries (at cost) in its separate financial statements and the related goodwill arising on the acquisition of India Factoring and Egypt Factors reported in the consolidated financial statements are less than their carrying amount, therefore requiring an impairment loss. At the reporting date the Bank assessed the reasonableness of the impairment in subsidiaries. This was carried out on the basis of the underlying performance of each subsidiary during the period under review and with reference to the assumptions used in the 31 December 2018 assessment and, in the case of India Factoring, updated to reflect changes in risk appetite for the underlying business during the period. The recoverable amounts for each investment have been calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing use of each entity.

India Factoring and Egypt Factors

As disclosed in the Financial Statements for the year ended 31 December 2018, Management has approved a set of budgets for India Factoring and Egypt Factors based on a strategy to grow the business in a changing market landscape, whilst ensuring an effective operational and control environment. These budgets, updated for India Factoring as stated above, form the basis on which the recoverable amount is arrived at. In this respect, the recoverable amount for each subsidiary exceeds the carrying amount of the investment and the goodwill recognised on their initial accounting as a business combination. Whilst it is inherent that actual results may differ from those budgeted, and such variations may be significant, the Directors believe that the business plans can be supported, such that it will enable the Bank to recover the investments at least at the amount stated.

The key assumptions described above may change as economic, political and market conditions change. Whilst the recoverable amount is higher than the carrying amount, any significant adverse movement in a key assumption would lead to an impairment of the carrying amount of the investments and the related goodwill.

13 Debt securities in issue

'Debt securities in issue' comprise of promissory notes. At 30 June 2019 and 31 December 2018 promissory notes in issue had a tenor of up to one year. The Group's effective interest rate ranges between 1.30% and 4.78% (31 December 2018: 1.30% and 4.75%). The Bank's effective interest rate as at 31 December 2018 was 4.55%.

14 Capital and Reserves

As disclosed in the Directors' Report under "Annual General Meeting 2019", during the Annual General Meeting held on 7 May 2019 the Shareholders approved a 1:30 Bonus Issue of Shares through the capitalisation of Share Premium account. This resulted in the allotment of 16,853,044 ordinary shares of USD0.50 each with the corresponding increase in Share Capital and decrease in Share Premium.

15 Contingent liabilities

'Contingent liabilities' comprise of guarantee obligations incurred on behalf of third parties. Guarantees issued to subsidiaries amount to USD52,072,914 (31 December 2018: USD64,654,610).

16 Commitments

	Group		Bank	
	30 Jun 2019 USD	31 Dec 2018 USD	30 Jun 2019 USD	31 Dec 2018 USD
Commitments to purchase assets:				
Undrawn credit facilities	69,505,646	107,966,535	61,622,042	82,283,205
Confirmed letters of credit	11,441,501	22,988,539	17,370,941	47,220,241
Documentary credits	16,981,365	5,111,809	32,130,426	20,275,337
Risk participations	7,532,985	8,399,339	7,532,985	8,399,339
Factoring commitments	33,771	29,858	252,045	207,898
Commitment to purchase assets	95,073,271	36,610,687	-	-
Credit default swaps	28,880,448	7,500,000	-	-
Commitments to sell assets:				
Commitment to sell assets	(16,000,000)	-	-	-
	213,448,987	188,606,767	118,908,439	158,386,020

Subsidiary companies have confirmed USD23,424,825 (31 December 2018: USD41,609,760) of documentary credits in favour of the Bank.

17 Related Parties

17.1 Identity of related parties

The Bank has a related party relationship with its significant Shareholders, subsidiaries, Directors, executive officers and companies forming part of the KIPCO Group. For the purpose of this note, significant shareholders include all shareholders (and their connected parties) holding at least five percent of the issued share capital of the Bank.

Related party transactions carried out by the Bank and its subsidiaries are reported to the Audit Committee which reviews them and assesses their nature.

17.2 Parent, shareholder having significant influence and other related companies

The aggregate values of transactions and outstanding balances related to the parent and subsidiaries of the parent company were as follows:

	Parent		Subsidiaries of parent	
	30 Jun 2019 USD	31 Dec 2018 USD	30 Jun 2019 USD	31 Dec 2018 USD
Assets				
Derivative assets held for risk management	9,887,937	-	-	-
Loans and advances to banks	-	9,881,423	23,524	-
Loans and advances to customers	53,488,107	53,812,686	-	-
Prepayments and accrued income	516,220	523,694	-	-
Other assets	-	-	14,666	-
Liabilities				
Derivative liabilities held for risk management	-	-	34,753	78,100
Amounts owed to banks	-	-	4,325,100	-
Amounts owed to customers	31,021,900	10,036,494	2,658	2,658
Other Liabilities	-	-	630	-
Commitments				
	-	-	44,949	-

	Parent		Subsidiaries of parent	
	30 Jun 2019 USD	30 Jun 2018 USD	30 Jun 2019 USD	30 Jun 2018 USD
Statements of profit or loss				
Interest income	1,124,787	594,919	461,927	-
Interest expense	-	(383,192)	(639,665)	(1)
Fee and commission income	20	655	-	8,831
Fee and commission expense	-	-	(99)	-
Net loss from other financial instruments carried at fair value	-	-	43,348	-
Administrative expenses	-	-	(308,672)	(27,439)

The aggregate values of transactions and outstanding balances related to the shareholder having significant influence, subsidiary of shareholder having significant influence and other related companies were as follows:

	Shareholder having significant influence		Subsidiary of shareholder having significant influence		Other related companies	
	30 Jun 2019 USD	31 Dec 2018 USD	30 Jun 2019 USD	31 Dec 2018 USD	30 Jun 2019 USD	31 Dec 2018 USD
Assets						
Derivative assets held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	10,306	-	34,348,523	-	-
Loans and advances to customers	-	-	-	-	31,041,269	12,600,608
Other assets	-	858	-	-	-	-
Prepayments and accrued income	-	-	-	142,999	-	-
Liabilities						
Derivative liabilities held for risk management	-	-	-	-	-	-
Amounts owed to banks	-	65,000,000	-	-	-	-
Amounts owed to customers	-	-	-	-	33,186,295	13,944,116
Subordinated liabilities	-	-	-	-	-	-
Other liabilities	-	630	-	-	-	-
Accrued and deferred income	-	99,040	-	-	-	-
Commitments						
	-	-	-	14,779,555	-	-
	30 Jun 2019 USD	30 Jun 2018 USD	30 Jun 2019 USD	30 Jun 2018 USD	30 Jun 2019 USD	30 Jun 2018 USD
Statements of profit or loss						
Interest income	-	-	-	-	185,425	38,616
Interest expense	-	(1,810,806)	-	-	(70)	(1,360)
Fee and commission income	-	-	-	-	12,222	23,021
Fee and commission expense	-	(40)	-	-	-	-
Net gain from other financial instruments carried at fair value	-	255,014	-	-	-	-
Administrative expenses	-	(99,235)	-	-	-	(1,275)

17.3 Other related party transactions

	Other related parties	
	30 Jun 2019 USD	31 Dec 2018 USD
Liabilities		
Amounts owed to customers **	1,157,296	292,397
Accrued and deferred income **	14,116	2,040
	30 Jun 2019 USD	30 Jun 2018 USD
Statements of profit or loss		
Interest expense **	(13,049)	(3,725)
Fee and commission expense *	-	(478)

'*' relates to a company holding shares in a subsidiary of the Group.

'**' relates to family members of Directors and Executive Officers of the Group.

17.4 Transactions with key management personnel

Transactions with Directors and Executive Management were consistent with those reported in the last Annual Financial Statements.

18 Subsequent Events

On 30 July 2019, Menafactors Limited ('Menafactors') was formally liquidated. Menafactors had ceased its operations and was put into liquidation during 2017. The conclusion of this liquidation will not have a material impact on the financial statements.

19 Comparative Information

Certain comparative figures disclosed in the main components of the financial statements have been reclassified in order to conform to the current year disclosures for the purpose of fair presentation.

Statement pursuant to listing rule 5.75.3

We hereby confirm that to the best of our knowledge:

- the condensed interim financial statements give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2019, as well as of the financial performance and cash flows for the period then ended, fully in compliance with IAS 34, Interim Financial Reporting, adopted by the EU; and
- the Interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.75.2 and 5.81 to 5.84.



Murali Subramanian
Chief Executive Officer



Ronald Mizzi
Chief Financial Officer



Independent auditors' report on review of condensed interim financial statements

To the Board of Directors of FIMBank p.l.c.

Introduction

We have reviewed the accompanying condensed interim financial statements of FIMBank p.l.c. ('the Bank') and of the Group of which the Bank is the parent ('the Condensed Interim Financial Statements') which comprise the condensed interim statements of financial position as at 30 June 2019, and the related condensed interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of the Condensed Interim Financial Statements in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. Our responsibility is to express a conclusion on these Condensed Interim Financial Statements based on our review.

This report is made solely to the Board of Directors in accordance with the terms of our engagement and is released for publication in compliance with the requirements of Listing Rule 5.75.4 issued by the Listing Authority. Our review has been undertaken so that we might state to the Board of Directors those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors for our review work, for this report, or for the conclusions we have expressed.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements for the period ended 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU.

The Principal authorised to sign on behalf of KPMG on the review resulting in this independent auditors' report is Noel Mizzi.

KPMG
Registered Auditors

8 August 2019